



MTHONJANENI MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended
30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 38, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 18 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

Date

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GENERAL INFORMATION

MEMBERS OF THE COUNCIL

Mrs N A Jiyane	Mayor	resigned May 2008
Mr M.N. Biyela	Deputy Mayor	acting mayor June 2008
Mr D Leitch	Speaker	resigned May 2008
Mr H. Nxumalo	PR Exco Member	
Mr B.D. Dlamini	Ward Councilor	acting speaker June 2008
Mr M P Nxumalo	Ward Councilor	deceased April 2008
Mrs N.C. Mthlane	PR Councilor	
Miss H.K.L. Zungu	PR Councilor	
Mr E.M. Masikane	PR Councilor	
Mr B.I. Nzuza	Ward Councilor	
Mr M.M. Ngobese	Ward Councilor	

GRADING OF LOCAL AUTHORITY

Grade 4

AUDITORS

Auditor-General

BANKERS

First National Bank

REGISTERED OFFICE

21 Reinhold Street MELMOTH	P O Box 11 MELMOTH 3835	Telephone: 035 450 2082
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MUNICIPAL MANAGER

F A Els

CHIEF FINANCIAL OFFICER

M.J. Bowman : Licentiate Member of Institute of Municipal Finance Officers

APPROVAL OF FINANCIAL STATEMENTS

The Annual financial statements set out on pages 1 to 38 were approved by the Municipal Manager onand will be presented to and approved by Council on

MUNICIPAL MANAGER

Qualifications: BA (Law)
B Juris

CHIEF FINANCIAL OFFICER LIMFO

Qualifications: Matric

REPORT FROM THE AUDITOR GENERAL

REPORT OF THE CHIEF FINANCIAL OFFICER

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2008 are as follows:

	Actual 2007	Actual 2008	Variance 2007/2008	Budget 2007/2008	Variance Budget Actual
	R	R	%	R	%
INCOME					
Opening Surplus	13 392 298	15 426 875			
Operating Income for the year	31 997 779	32 026 655	0.01	34 993 154	9.26
Sundry Transfers	1 329 977	1 643 950			
Closing Deficit		0		2 060 000	
	46 720 054	49 097 480		37 053 154	

	Actual 2007	Actual 2008	Variance 2007/2008	Budget 2007/2008	Variance Budget Actual
	R	R	%	R	%
EXPENDITURE					
Operating Expenditure for the year	29 275 117	33 152 096	14.27	37 053 154	10.76
Sundry Transfers	14 981	0			
Closing Surplus	17 429 956	15 945 384			
	46 720 054	49 097 480		37 053 154	

1.1 Rate and General Services

	Actual 2007	Actual 2008	Variance 2007/2008	Budget 2007/2008	Variance Budget Actual
	R	R	%	R	%
Income	25 673 811	26 009 084	1.31	29 035 691	11.64
Expenditure	23 451 902	26 756 270	15.37	29 629 691	9.51
Surplus (deficit)	2 221 909	-747 186		-594 000	
Surplus (deficit) as % of Total Income	8.65	4.03			

1.2 Electricity Services

The prices for the purchase of electricity as well as postal and telecommunication charges, salaries and wages are subject to administered adjustments.

The following is a summary of the operating results of the Mthonjaneni Municipality Electricity Services:

	Actual 2007	Actual 2008	Variance 2007/2008	Budget 2007/2008	Variance Budget Actual
	R	R	%	R	%
Income	6 323 968	6 017 571	-5.09	5 957 463	1.01
Expenditure	5 823 215	6 395 826	9.83	7 423 463	-16.07
Surplus (deficit)	500 753	-378 255		-1 466 000	
Surplus (deficit) as % of Total Income	7.92	6.28			

Resources used to finance the fixed assets were as follows:

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets incurred during the year amounted to R4 312 212

	Actual 2007/2008	Budget 2007/2008	Actual 2006/2007
	R	R	R
Roads	45 311	150 000	2 910 762
Building	2 910 760	2 422 000	829 241
Other Infrastructure	538 857	1 360 000	536 828
Other Fixed Assets	372 427	520 900	304 220
Vehicles	444 857	304 980	238 754
	4 312 212	4 757 880	4 819 805

1) Source of Financing

	Actual 2008	Actual 2007
	R	R
Contribution from Operating Income	1 393 503	260 504
Grants and Subsidies	2 918 709	4 559 301
Surplus Revenue		
	4 312 212	4 819 805

3. FUNDS, RESERVES AND PROVISIONS

The movement regarding accumulated funds, reserves, trust funds and provisions is given in appendix A.

4. A WORD FROM THE CHIEF FINANCIAL OFFICER

I would like to thank the Mayor and members of the Executive Committee and other Councillors, the Municipal Manager and Departmental Heads for the support they have given me and my personnel during the year. A special word of appreciation to the personnel of the Finance Department for their continual commitment.

MR. M.J. BOWMAN
CHIEF FINANCIAL OFFICER

Date:.....

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent with those of the previous financial year.

1 BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with Standards of Generally Accepted Accounting Practices (GRAP) and Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GAMAP 4	Effects of changes in foreign exchange rates
GAMAP 9	Revenue
GAMAP 7	Accounting for investments in associates
GAMAP 8	Financial reporting of interests in joint ventures
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment
GAMAP 19	Provision, contingent liabilities and contingent assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP and/or GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SAGAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted are disclosed below.

2 CONSOLIDATION

The balance sheet includes the Rate and General Services, Trading Services and the different funds, reserves and provisions. All inter departmental charges are set-off against each other, which are treated as income and expenditure in the respective departments.

3 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

4 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

5 RESERVES

5.1 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisations Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.2 *Government Grant Reserve*

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). When an item of property, plant and equipment financed from the government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.3 *Donations and Public Contributions Reserve*

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring the sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions. When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

6 PROPERTY, PLANT AND EQUIPMENT

6.1 Fixed Assets are stated:

at valuation (based on the market value price at date of acquisition), where assets have been acquired by grant or donation. While they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Chief Financial Officer.

6.2 Property, Plant and Equipment

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated assets, defined as culturally significant resources, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life. Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

	<u>Years</u>	<u>Other</u>	<u>Years</u>
Infrastructure			
Roads and Paving	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	6
		Office equipment	3-7
Community			
Security	5	Furniture & fittings	7-10
		Bins and containers	5
		Specialized plant and equipment	10-15
		Other items of plant and equipment	

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

- 6.3 Capital assets are financed from different sources, including external loans, operating income, accumulated surplus. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances.
- 6.4 Capital assets sold or disposed of, the net proceedings will be used to finance further capital assets.

7 ACCUMULATED SURPLUS

Provision can be made from the accumulated surplus for future capital projects included in the integrated development plan, infrastructure and other items of property plant and equipment.

8 RETIREMENT BENEFITS

Melmoth and its employees contribute to R.S.A. Municipal Pension Fund and Councillors contribute to the Municipal Councillors Pension Fund which provides retirement benefits to such employees and Councillors.

The retirement benefit plan is subject to the Pensions Funds Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs. Favourable experience adjustments are retained in the retirement benefit plan.

Full actuarial valuations are performed at least every three years.

9 SURPLUSES AND DEFICITS

Any surpluses or deficits arising from the operation of the Electricity are retained in that service for its own use.

10 INVESTMENTS

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short - term deposit invested in registered commercial banks, are stated at cost.

When investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of Financial Performance.

11 REVENUE RECOGNITION

- 11.1 Revenue from rates is recognized when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable. Interest on unpaid rates is recognized on a time proportion basis.

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognized as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognized as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognized at the point of sale and not when prepaid electricity is consumed.

Revenue from the sale of goods is recognized when the risk is passed to the consumer. Revenue arising from the application of the approved tariff of charges is generally recognized when the relevant service is rendered. Interest and rentals are recognized on a time proportion basis. Revenue from spot fines is recognized when payment is received, and the revenue from the issuing of summonses is only recognized when collected. Government grants are recognized as revenue when all conditions associated with the grant have been met. Where grants have been received but the municipality has not met the condition, a liability is raised. Amounts received from government and donors for the purpose of acquiring items of property, plant and equipment are also recognized as revenue.

- 11.2 Pensioners who own and occupy rateable property whose joint gross monthly income does not exceed the amounts set out hereunder shall qualify for the rebates reflected:

Joint Gross Monthly Income	Rebate
0 - 3 000	90%
3 001 - 4 000	80%
4 001 - 5 000	70%
5 001 - 6 000	50%

- 2 Pensioners who own but do not occupy rateable property whose joint gross income does not exceed the amount set out hereunder shall qualify for the rebate reflected:

Joint Gross Monthly Income	Rebate
0 - 3 000	20%

12 PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate.

13 INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realizable value. In general, the basis of determining cost is the first-in, first-out method.

Unsold properties are valued at the lower of cost and net realizable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down and regard to their estimated economic or realizable values. Consumables are written down with regard to their age, condition and utility.

14 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

15 ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on debtors outstanding for more than 90 days for electricity and refuse debtors. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

16 TRADE CREDITORS

Trade creditors are stated at their nominal value.

17 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

18 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statements of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance.

20 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21 COMPARATIVE INFORMATION

21.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements of the current financial year only.

21.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

MTHONJANENI LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net Assets		38 856 236	35 969 465
Accumulated Surplus/(deficit)	1	15 645 384	15 426 875
Capitalisation reserve		6 938 201	7 061 915
Government grant reserve		16 256 536	13 453 766
Donations and Public reserve		16 115	26 909
Non-current liabilities		0	0
Current liabilities		8 376 679	8 460 494
Consumer deposits	2	486 813	490 388
Current Provisions	3	428 273	109 895
Creditors	4	7 461 593	7 860 211
Total Net Assets and Liabilities		47 232 915	44 429 959
ASSETS			
Non-current assets		21 207 773	18 539 511
Property, Plant and Equipment	5	21 207 773	18 539 511
Long-term receivables	7		0
Current Assets		26 025 142	25 890 450
Inventory	8	274 252	98 451
Investments	6	23 000 000	9 739 000
Consumer debtors	9	2 068 733	2 347 610
Other debtors	10	388 666	548 828
Current portion of long-term debtors	7		0
Bank balance and cash	11	293 491	13 156 561
Total		47 232 915	44 429 961

(Note: The Statement of Financial Position has been prepared in accordance with GRAP 1)

MTHONJANENI MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30th JUNE 2008

Budget		Note	Actual	
2007	2008		2008	2007
R	R		R	R
REVENUE				
3 240 000	3 300 000	Property rates	12 4 765 914	3 244 297
270 000	350 000	Property rates - penalties imposed and collection charges	266 807	301 756
5 401 000	5 736 000	Service charges	13 5 994 845	5 343 260
382 000	379 000	Rental of facilities and equipment	333 447	344 826
850 000	1 326 114	Interest earned - external investments	2 387 382	1 542 395
70 000	500 000	Fines	113 564	163 363
1 620 000	2 790 000	Licences and permits	1 726 821	1 626 593
16 712 009	18 244 000	Government grants and subsidies	14 15 795 529	18 582 815
668 600	2 368 040	Other income	15 642 346	848 475
29 213 609	34 993 154	Total Revenue	32 026 655	31 997 780
EXPENDITURE				
7 405 149	9 144 500	Employee related costs	16 8 319 076	7 292 261
1 805 772	1 941 174	Remuneration of Councillors	18 1 899 747	1 802 049
60 000	55 000	Collection costs	2 343	40 623
1 098 000	1 594 000	Repairs and maintenance	978 582	881 286
3 410 000	3 837 000	Bulk purchases	20 3 910 884	3 553 321
297 156	15 000	Service charges	119 618	296 056
14 862 532	19 981 480	General expenses - other (including abnormal expenses)	23 17 546 846	15 084 522
275 000	485 000	Contributions to provisions	375 000	325 000
29 213 609	37 053 154	Total Expenditure	33 152 096	29 275 118
0	-2 060 000	NET SURPLUS/(DEFICIT) FOR THE YEAR	-1 125 441	2 722 662
		Appropriations	21 0	-14 981
		TOTAL NET SURPLUS / (DEFICIT)	-1 125 441	2 707 681
Refer to Appendix E(1) for explanation of variances				

(Note: The income statement has been prepared in accordance in GRAP 1 and the budget formats)

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contribution Reserve</u>	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total</u>
	R	R	R	R	
Balance at 30 June 2007	7 061 915	13 453 766	26 909	17 429 955	37 972 545
Refund - Land Sale					
Understated assets 2006/2007 (Note)				-2 003 080	-2 003 080
Net surplus for the year				-1 125 441	-1 125 441
Transfer to CRR					
Property, plant and equipment purchased					
Capital grants used to purchase PPE	1 393 503	2 918 709			4 312 212
Donated/contributed PPE					
Contributed to Insurance Reserve					
Insurance claims processed					
Transfer to Housing Development Fund					
Assets disposals					
Offsetting of depreciation	-1 517 217	-115 939	-10 794	1 643 950	
Balance at 30 June 2008	6 938 201	16 256 536	16 115	15 945 384	39 156 236

MTHONJANENI LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		29 520 482	29 698 498
Cash paid to suppliers and employees		-27 194 146	19 452 326
Cash generated from operations	21	2 326 336	10 246 172
Interest received		2 387 382	1 542 395
Interest paid			
NET CASH FROM OPERATING ACTIVITIES	(A)	4 713 718	11 788 567
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	-4 312 212	-4 819 805
Proceeds on disposal of fixed assets		0	0
Decreases in non-current loans	7	0	0
Increases in investments	6	-13 261 000	0
NET CASH FROM INVESTING ACTIVITIES	(B)	-17 573 212	-4 819 805
CASH FLOWS FROM FINANCING ACTIVITIES			
Net loans raised		0	0
Increase in consumer deposits		-3 576	36 570
Increase in Trust Fund			
	(C)	-3 576	36 570
NET CASH INCREASE/(DECREASE) FROM FINANCING ACTIVITIES (A + B + C)		-12 863 070	7 005 332
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		13 156 561	6 151 229
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	22	293 491	13 156 561

MTHONJANENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

		2008	2007
		R	R
1. ACCUMULATED SURPLUSES			
Rate and General	10	10 025 210	9 728 482
Electricity	30	5 620 174	5 698 394
Total Reserves		15 645 384	15 426 876

2. CONSUMER DEPOSITS

Electricity	32	406 536	402 843
Other	33	80 277	87 545
Total Consumer Deposits		486 813	490 388

Consumers who do not own the property are required to pay a deposit equating to two months consumption of electricity service.

3. CURRENT PROVISIONS

Leave	34	428 273	109 895
Total Provisions		428 273	109 895

4. CREDITORS

Trade creditors	36	3 168 620	2 155 371
Payments in advance	37	409 911	1 600 157
Unspent Conditional Grants	38	3 854 506	4 104 683
Other creditors	39	28 556	
Total Creditors		7 461 593	7 860 211

MTHONJANENI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

5. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
Carrying Values at 1 July 2006 as previously reported	253 195	8 831 782	4 775 050	3 192 735	17 052 762
Cost or valuation	253 195	9 268 235	4 775 050	4 391 054	18 687 534
Accumulated depreciation	-	(436 453)	-	(1 198 319)	(1 634 772)
Correction of error	(253 195)	(334 174)	(1 416 367)	127 484	(1 876 252)
Cost or valuation	(253 195)		(730 017)	1 068 892	85 680
Accumulated depreciation	-	(334 174)	(686 350)	(941 408)	(1 961 932)
Restated carrying values at 30 June 2006	-	8 497 608	3 358 683	3 320 219	15 176 510
Cost or valuation	-	9 268 235	4 045 033	5 459 946	18 773 214
Accumulated depreciation	-	(770 627)	(686 350)	(2 139 727)	(3 596 704)
Acquisitions	-	763 416	3 448 097	608 292	4 819 805
Depreciation	-	(416 489)	(197 048)	(843 267)	(1 456 804)
Carrying values at 30 June 2007	-	8 844 535	6 609 732	3 085 244	18 539 511
Cost or valuation	-	10 031 651	7 493 130	6 068 238	23 593 019
Accumulated depreciation	-	(1 187 116)	(883 398)	(2 982 994)	(5 053 508)
Acquisitions	-	584 168	2 339 239	817 284	3 740 691
Under Construction	-		571 521		571 521
Depreciation	-	(443 381)	(284 230)	(916 339)	(1 643 950)
Carrying values at 30 June 2008	-	8 985 322	9 236 262	2 986 189	21 207 773
Cost or valuation	-	10 615 819	10 403 890	6 885 522	27 905 231
Accumulated depreciation	-	(1 630 497)	(1 167 628)	(3 899 333)	(6 697 458)

Refer to Appendix B for more detail on property, plant and equipment.

6. INVESTMENTS

	2008	2007
	R	R
Financial Instruments		
Short Term Deposits	10 20 986 204	7 725 204
Call Deposits	30 2 013 796	2 013 796
Total	23 000 000	9 739 000

7. NON-CURRENT LOANS

Melmoth Golf Club	0
Less: Current portion of long-term debtors	0
Long-term receivables	<u>0</u>

Melmoth Golf Club - has been transferred to Sundry Debtors as this Loan is to be paid off this year with the net profit from the sale of properties which forms part of the Melmoth Golf Clubs lease with the Municipality.

0 0

8. INVENTORY

Inventory represents consumable store and raw materials at cost	43	<u>274 252</u>	<u>98 451</u>
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MTHONJANENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
9. CONSUMER DEBTORS		
Service debtors	2 516 496	2 685 373
Rates	44 1 778 146	1 900 980
Electricity	45 424 688	504 125
Refuse	46 313 662	280 268
Less: Provision for bad debts	35 447 763	337 763
Total	2 068 733	2 347 610

Rates: Ageing

Current (0-30 days)	-88 826	0
31-60 Days	189 897	782
61-90 Days	79 674	26 500
91-120 Days	74 536	19 337
150+	1 522 865	1 854 361
Total	1 778 146	1 900 980

(Electricity, Refuse): Ageing

Current (0-30 days)	309 769	408 934
31-60 Days	47 980	49 715
61-90 Days	30 537	20 563
91-120 Days	350 064	305 180
Total	738 350	784 392

Summary of Debtors 30 June 2007

Consumers

	R	
Current (0-30 days)	220 943	408 934
31-60 Days	237 877	50 497
61-90 Days	110 211	47 063
91-120 Days	424 600	324 517
150+	1 522 865	1 854 361
Sub-total	2 516 496	2 685 372
Less: Provision for bad debts	447 763	337 763
Total debtors by customer classification	2 068 733	2 347 609

10. OTHER DEBTORS

Sundry Debtors	47 388 666	548 828
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MTHONJANENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R

The Municipality has the following bank accounts:

11. Bank Balance and Cash

Current Account (Primary Bank Account)

First National Bank - Melmoth
 Account Number 54980006117

Cash book balance at beginning of year	13 156 040	6 150 708
Cash book balance at end of year	48 <u>292 770</u>	<u>13 156 040</u>
Bank statement balance at beginning of year	13 930 418	6 785 482
Bank statement balance at end of year	573 292	13 930 418
Cash on hand - Petty cash	49 <u>721</u>	<u>521</u>

Note needs to be made that First National Bank is the only bank in Melmoth that has a Manager in attendance at the branch. Standard Bank has an agency in Melmoth, therefore the tender process was not followed through on the primary bank account.

12. PROPERTY RATES

Actual

Residential	1 113 729	1 853 954
Commercial	984 757	692 550
State	560 542	680 993
Municipal	0	16 800
Agriculture	317 980	0
Other	60 945	0
Total	<u>3 037 953</u>	<u>3 244 297</u>

Valuations

	<u>July 2007</u>	<u>July 2006</u>
	<u>R 000's</u>	<u>R 000's</u>
Residential	115 262	56 654
Commercial	93 508	20 554
State	66 536	26 355
Municipal	12 336	316
Agriculture	109 929	0
Other	10 571	0
Total Property Valuations	<u>408 142</u>	<u>103 879</u>

The Municipal Property Rates Act No. 6 of 2004 was implemented from July 2007. Valuation date of roll is 1 July 2006

A general rate of 1.15c/R was levied on all properties.

Rebates in terms of the above act were also implemented.

Rates were levied on a monthly basis.

Interest at 18% per annum is levied on outstanding rates.

Pensioners received a rebate according to their income.

ASSESSMENT RATES

rates levied

4 693 639

REBATES

Compulsory

new properties: agriculture	-882 993
State	-51 585
Other	-90 580
Council Granted	
Residential	-211 790
State	-153 032
Municipal	-141 870
Agriculture	-63 209
worship	-60 622
rounding	-5
	3 037 953
Supplementary roll	53 240
Adjustments	13117
	3 104 310

MTHONJANENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

		2008	2007
		R	R
13. SERVICE CHARGES			
Sale of electricity	1	5 217 078	4 617 813
Refuse removal	3	777 767	725 448
Total Service Charges		5 994 845	5 343 260
14. GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share	5	8 756 665	11 265 774
Finance Management	6	732 576	500 000
Provincial health subsidies	7	689 190	885 665
Municipal Systems Improvement	20	1 606 819	734 000
Provincial Grants	21	2 373 479	1 762 000
MIG Grants	22	1 636 801	3 435 376
			0
Total Government Grant and Subsidies		15 795 530	18 582 815

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive an average monthly subsidy of R90 (2006: R90.00), which is funded from this grant.

MTHONJANENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
Provincial Health Subsidies		
Balance unspent at beginning of year		0
Current year receipts - included in public health vote (see Appendix D)	689 190	885 665
Conditions met - transferred to revenue		

The Municipality renders health services on behalf of the Provincial Government and is refunded most of total expenditure incurred. This grant has been used exclusively to fund clinic services. The conditions of the grant have been met.
There was no delay or withholding of the subsidy.

15. OTHER INCOME

Other income	642 346	848 475
Total Interest Income		

16. EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	8 7 064 491	6 143 105
Employee related costs - Allowances	9 77 272	142 775
Employee related costs - Pension	10 631 003	529 550
Employee related costs - Medical Aid	11 281 444	233 437
Employee related costs - UIF	12 55 867	47 546
Employee related costs - Performance Bonus	19 208 999	195 849
Total Employee Related Costs	8 319 076	7 292 261

MTHONJANENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
17. REMUNERATION OF MUNICIPAL MANAGER		
Annual Remuneration	497 822	467 746
Performance Bonuses	74 838	70 602
Total	572 660	538 348

REMUNERATION OF CHIEF FINANCIAL OFFICER

Annual Remuneration	446 601	446 723
Performance Bonuses	68 251	64 388
Car Allowance		0
Total	514 852	511 111

REMUNERATION DIRECTOR CORPORATE AND COMMUNITY SERVICES

Annual Remuneration	420 641	395 228
Performance Bonus	65 910	60 859
Total	486 551	456 087

18. REMUNERATION OF COUNCILLORS

	2008	2007
Mayor	13 179 000	179 311
Deputy Mayor	14 116 265	124 737
Speaker	15 124 221	122 974
Exco Committee member	125 713	110 583
Councillors	16 642 511	601 700
Councillors' pension contribution + Medical Aid + Allowances	17 712 037	662 744
Total Councillors' Remuneration	1 899 747	1 802 049

In-kind Benefits

The Mayor, Deputy Mayor, Speaker and Committee

Members are part-time. They are provided with an office and secretarial support at the cost of the Council.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are in accordance with the Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with that Act.

Signed: Municipal Manager

MTHONJANENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
19. BAD DEBTS		
Contribution to the bad debt provision	110 000	100 000
Bad debts written off	18	0
Total Bad Debts	110 000	100 000
20. BULK PURCHASES		
Electricity	3 910 884	3 553 321
Total Bulk Purchases	3 910 884	3 553 321
21. CASH GENERATED BY OPERATIONS		
Net surplus for the year	-1 425 441	2 707 681
Adjustment for:-		0
Depreciation	1 643 949	1 329 977
property, plant and equipment	4 312 212	0
Contribution to provisions - non-current/Expenditure Against Provisions		0
Contribution to provisions - current	318 378	225 000
Contribution to bad debt provision	110 000	100 000
Investment income	-2 387 382	-1 542 395
Interest paid		0
Operating surplus before working capital changes:	2 571 716	2 820 263
Increase in inventories	-175 801	13 704
Decrease in debtors	168 877	-406 051
Increase in provisions	0	202 005
Decrease in other debtors	160 162	-350 836
Decrease in conditional grants and receipts	-250 177	4 494 804
Decrease in creditors	-148 441	3 472 282
Cash generated by operations	2 326 336	10 246 171
22. CASH AND CASH EQUIVALENTS		
Balance at the end of the year	293 491	13 156 561
Balance at the beginning of the year	13 156 561	6 151 229
Net increase/(decrease) in cash and cash equivalents	-12 863 070	7 005 332
23. GENERAL EXPENSES	17 546 846	15 084 522
24. CORRECTION OF AN ERROR		
	0	0
25. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	0	0

MTHONJANENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
26. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>26.1 Contributions to SALGA</u>		
Opening balance		0
Council subscriptions	23 352	23 821
Amount paid - current year	-23 352	-23 821
Amount paid - previous years		0
Balance unpaid	0	0
<u>26.2 Audit fees</u>		
Opening balance		0
Current year audit fee	333 907	219 839
Amount paid - current year	-333 907	-219 839
Amount paid - previous year		0
Balance unpaid	0	0
<u>26.3 VAT</u>		
VAT is payable on the invoice basis.	0	0
All VAT returns have been submitted by the due date throughout the year.		
May and June 2008 have been brought to account.		
<u>26.4 PAYE and UIF</u>		
Opening balance		0
Current year payroll deductions	1 351 077	1 292 004
Amount paid - current year	-1 351 077	-1 292 004
Amount paid - previous year		0
Balance unpaid	0	0
<u>26.5 Pension and Medical Aid Deductions</u>		
Opening balance		0
Current year payroll deductions and Council Contributions	1 668 082	1 444 817
Amount paid - current year	-1 668 082	-1 444 817
Amount paid - previous year		0
Balance unpaid	0	0
<u>26.6 Non-Compliance with Chapter 11 of the Municipal Finance Management Act</u>		

The Municipality adopted its supply chain management Policy on 15th February 2006

MTHONJANENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
30th June 2008		
<u>26.7 Councillor's arrear debtor's</u>		
At year end the following Councillor had arrear account outstanding for more than 90 days. The arrear amount, had arisen due to personal legal processes not been finalised. Clr Mrs. Jiyane	4 230	3 212
	<hr/>	<hr/>
27. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved but not yet contracted for		
Infrastructure	2 603 242	524 750
Community		
Heritage		
Other		
Housing Development Fund		
Investment Properties		
Total	<hr/> 2 603 242 <hr/>	<hr/> 524 750 <hr/>
This expenditure will be financed from:		
- External Loans		
- Asset Financing Reserve		
- Government Grant	2 603 242	524 750
- Internal Cash		
- District Council Grants		
	<hr/> 2 603 242 <hr/>	<hr/> 524 750 <hr/>
28. RETIREMENT BENEFITS		
The last statutory valuation of the funds were as follows:		
1. Superannuation 31 March 2007	R 3 340 019 000	R 3 340 019 000
2. Provident 31 March 2007	R 420 254 000	R 420 254 000
3. Retirement Annuity 31 March 2007	R 1 147 657 000	R 1 147 657 000
An amount of R1,186,524 (2007:R1 057 015) was contributed by staff and council in respect of retirement funding. These contributions have been expensed.		
29. CONTINGENT LIABILITIES	50 000	50 000
Eastern Drilling Testing has served a summons on Mthonjaneni Municipality for Professional services rendered and materials supplied. Wynne & Wynne our attorneys are representing us regarding litigation and claims. Management has no knowledge of any amount due to the plaintiff, no order or letter of appointment has been issued. Management feel confident that this amount is not owing by the Mthonjaneni Municipality.		
30. CONTINGENT ASSETS	0	0
31. IN KIND DONATIONS AND ASSISTANCE	0	0
32. PRIVATE PUBLIC PARTNERSHIPS		
There are no Private Public Partnerships		

MTHONJANENI LOCAL MUNICIPALITY

APPENDIX A
ACCUMULATED FUNDS, RESERVES AND PROVISIONS
FOR THE YEAR ENDED 30 JUNE 2008

ACCUMULATED FUNDS

	Balance 30.06.2007	Contributions during the year	Other Income	Expenditure during the year	Transfers	Balance 30.06.2008
Capitalisation reserve	7 061 915	1 393 503		1 517 217	0	6 938 201
Govt. Grant reserve	13 453 766	2 918 709		115 939	0	16 256 536
Donations & Public Reserve	26 909			10 794	0	16 115
Accumulative surplus	15 426 875	-1 425 441	1 643 950			15 645 384
	35 969 465	2 886 771	1 643 950	1 643 950	0	38 856 236

PROVISIONS

Leave	109 895	375 000		56 622		428 273
Bad Debts	337 763	110 000				447 763
	447 658	485 000		56 622		876 036

[illegible]

APPENDIX B

MTHONJANENI LOCAL MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost				Accumulated Depreciation				Carrying Value	Budget Additions
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals		
			Understated 2007/2008							
										2008
Other Assets										
Landfil sites	143 630	0	0	0	143 630	19 151	4 788		23939	119691
Office Equipment	695 824	63 954			759 778	285 776	111 299		397075	362703
Furniture & Fittings	288 532	232 664			521 196	67 785	32 092		99877	421319
Motor Vehicles	2 232 119	444 857			2 676 976	1 269 154	411 277		1680431	996545
Plant and equipment	1 618 556	75 809			1 694 365	1 275 674	323 451		1599125	95240
	4 978 661	817 284			5 795 945	2 917 540	882 907		3 800 447	1 995 498
Total	23 593 019	3 740 691	571 521		27 905 231	5 053 508	1 643 950		6 697 458	21 207 773
										4 757 880

EXPLANATORY NOTES: APPENDIX B

This Appendix sets out more information on Property, Plant and Equipment.

It serves as the reconciliation of Property, Plant and Equipment referred to in GAMAP 17.

The latest approved budget must also be included in this Appendix as illustrated.

APPENDIX C

MTHONJANENI LOCAL MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost				Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Finance & Admin	431 896	1 693			433 589	122 894	35 777		158 671	274 918
Corporate Services	1 170 589				1 170 589	101 766	44 826		146 592	1 023 997
Health	749 673	7 949			757 622	122 158	35 899		158 057	599 565
Community & Social Services	807 881	254 934	571 521		1 634 336	120 552	53 977		174 529	1 459 807
Executive & Council	3 458 327	1 255 686			4 714 013	435 021	172 606		607 627	4 106 386
Public Safety	3 096 100	1 636 262			4 732 362	841 746	252 854		1 094 600	3 637 762
Sport & Recreation	791 160				791 160	98 436	26 372		124 808	666 352
Technical Services	58 351				58 351	20 462	8 155		28 617	29 734
Stores & Workshop	2 997 388				2 997 388	2 003 357	570 103		2 573 460	423 928
Roads	4 300 395	45 310			4 345 705	225 647	143 347		368 994	3 976 711
Sub-Total	17 861 760	3 201 834	571 521	0	21 635 115	4 092 039	1 343 916	0	5 435 955	16 199 160
Electricity	5 731 259	538 857			6 270 116	961 469	300 034		1 261 503	5 008 613
Total	23 593 019	3 740 691	571 521	0	27 905 231	5 053 508	1 643 950	0	6 697 458	21 207 773

EXPLANATORY NOTES: APPENDIX C

This is a segmental analysis of Property, Plant and Equipment. The standard GFS classifications set out in the Budget Reforms have been used.

However, the segments used can be the organisational structure of the Municipality.

The totals of Appendix C must agree to those in Appendix B.

APPENDIX D

MTHONJANENI LOCAL MUNICIPALITY: SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R		2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R
3 244 297	0	3 244 297	1 Assessment Rates	4 765 914	1 661 604	3 104 310
1 633 431	2 798 239	-1 164 808	A1 Executive and Council	1 640 405	3 292 714	-1 652 309
7 776 013	5 623 582	2 152 431	A5 Finance & Admin	10 586 719	6 567 140	4 019 579
885 665	653 977	231 688	C1 Health	689 190	802 098	-112 908
4 882 854	7 561 513	-2 678 659	B1 Community & Social Services	2 585 035	9 011 145	-6 426 110
270 000	338 450	-68 450	B5 Public Safety	340 000	307 482	32 518
5 576 105	5 559 053	17 052	C5 Road Transport	3 939 054	4 288 212	-349 158
			6 Sport & Recreation			
			7 Environmental Protection			
1 405 448	917 089	488 359	D1 Waste Management	1 462 767	1 125 875	336 892
			9 Cemetery			
6 323 968	5 823 215	500 753	D5 Electricity	6 017 571	6 395 826	-378 255
31 997 781	29 275 118	2 722 663	Sub Total	32 026 655	33 452 096	-1 425 441
			Less: Inter-Dep Charges			
31 997 781	29 275 118	2 722 663	TOTAL	32 026 655	33 452 096	-1 425 441

EXPLANATORY NOTES: APPENDIX D

This is a segmental income statement. The standard GFS classifications set out in the Budget Reforms have been used. However, the segments used can be the organisational structure of the Municipality.

APPENDIX E 1

MTHONJANENI LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008

REVENUE		2008 Actual (R)	2008 Budget (R)	2008 Variance (R)	2008 Variance (%)	<u>Explanation of Significant Variances greater than 10% versus Budget</u>
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Property rates	1	4 765 914	3 300 000	-1 465 914	44.42	R 1661 604 income foregone
Property rates - penalties imposed and collection charges	2	266 807	350 000	83 193	-23.77	
Service charges	3	5 994 845	5 736 000	-258 845	4.51	
Rental of facilities and equipment	4	333 447	379 000	45 553	-12.02	
Interest earned - external investments	5	2 387 382	1 326 114	-1 061 268	80.03	Increase in Investments
Fines	6	113 564	500 000	386 436	-77.29	
Licences and permits	7	1 726 821	2 790 000	1 063 179	-38.11	
Income for agency services						
Government grants and subsidies	8	15 795 529	18 244 000	2 448 471	-13.42	R 1711 765 iro 2007/08 unspent Grants
Other income	9	642 346	2 368 040	1 725 694	-72.87	Various
Public contributions, donated/contributed						
Gains on disposal of property, plant and equipment						
Total Revenue		32 026 655	34 993 154	2 966 499	-8.48	
EXPENDITURE						
Employee related costs	10	8 319 076	9 144 500	825 424	-9.03	
Remuneration of Councillors	11	1 899 747	1 941 174	41 427	-2.13	
Bad Debts	12	110 000	110 000	0	0.00	
Collection Costs	13	2 343	55 000	52 657	-95.74	Collection of Legal Fees
Depreciation		1 643 949	850 000	-793 949	93.41	
Repairs and Maintenance	14	978 582	1 594 000	615 418	-38.61	Procurement Planning
Interest on external borrowings						
Bulk purchases	15	3 910 884	3 837 000	-73 884	1.93	
Contracted services	19	352 109	346 000	-6 109	1.77	
Grants and subsidies paid	16	300 000	300 000	0	0.00	
General expenses - other (including abnormal expenses)	17	15 560 406	18 500 480	2 940 074	-15.89	
Contributions to/provisions	18	375 000	375 000	0	0.00	
Loss on disposal of property, plant and equipment						
Total Expenditure		33 452 096	37 053 154	3 601 058	-9.72	
NET SURPLUS / (DEFICIT) FOR THE YEAR		-1 425 441	-2 060 000	-634 559		

Appropriations

0

TOTAL NET SURPLUS / (DEFICIT)**-1 425 441**

APPENDIX E 2(i)

MTHONJANENI LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Under</u> <u>Construction</u>	<u>2008</u> <u>Total</u> <u>Additions</u>	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Variance</u>	<u>2008</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>Greater than 5% versus Budget</u>
	R	R	R	R	R	%	<i>(Explanations to be recorded)</i>
Land and Buildings							
Land							
Buildings							
Infrastructure							
Drains							
Roads	45 311		45 311	150 000	30.21	0.00	MIG 2007/08 approval granted
Beach Improvements							
Sewerage Mains & Purification							
Electricity Mains	538 857		538 857	1 360 000	39.62	0.00	not purchasing generators
Electricity Peak Load Equip							
Water Mains & Purification							
Reservoirs - Water							
Water Meters							
Water Mains							
Community Assets							
Parks & Gardens							
Libraries							
Recreation Grounds							
Civic Buildings	2 339 239	571 521	2 910 760	2 422 000	120.18	0.00	Allocation of LED Expenditure
Heritage Assets							
Historical Buildings							
Painting & Art Galleries							
Total carried forward	2 923 407	571 521	3 494 928	3 932 000			

APPENDIX E 2(ii)

MTHONJANENI LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> <u>Actual</u>	<u>2008</u> <u>Under</u> <u>Construction</u>	<u>2008</u> <u>Total</u> <u>Additions</u>	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Variance</u>	<u>2008</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>Greater than 5% versus Budget</u>
	R	R	R	R	R	%	<i>(Explanations to be recorded)</i>
Total brought forward	2 923 407	571 521	3 494 928	3 932 000			
Housing Rental Stock							
Housing Rental 1							
Housing Rental 2							
Leased Assets (Infrastructure)							
Sewerage Mains & Purify							
Other Assets							
Land							
Buildings							
Landfill sites							
Office Equipment	63 954		63 954	235 900	27.11		Re-allocate Capital
Furniture & Fittings	232 664		232 664	225 000	103.41		New Protection Services building
Bins and Containers							
Emergency Equipment							
Motor Vehicles	444 857		444 857	304 980	145.86		Tender process and outright purchase
Fire Engines							
Refuse Tankers							
Computer Equipment							
Councillors Regalia							
Conservancy tankers							
Plant & Equipment	75 809		75 809	60 000	126.35		Re-allocate Capital
Refuse Tractor							
Refuse Trailer							
Total	3 740 691	571 521	4 312 212	4 757 880	90.63		

MTHONJANENI LOCAL MUNICIPALITY

APPENDIX F STATISTICAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2008

2007	2008
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GENERAL STATISTICS

Population	56 000	56 000
Registered Voters	18 757	18 757
Area (km2)	1008km	1008km
Total Valuations:		
Non Rateable (R000)	6 975	0
Rateable (R000)	103 879	408 142

Valuation date: 1 July 2006		
Number of Properties: Residential	1 670	1 670
Commercial	78	78
Assessment Rate: Basic (Per Rand) = Land	7.62c/R	1.15c/R
=Building	2.70c/R	
Rebate: Residential & State	0.69%	0.83%
Number of Employees	76	84

ELECTRICITY STATISTICS

Units (KWH) Purchased (000)	16 257	16 271
Units (KWH) Sold (000)	14 426	14 796
Units (KWH) Lost in Distribution + Street Lights (000)	1 831	1 475
Percentage Lost in Distribution	11.26%	9.06%
Cost per Unit Sold	22 c	24 c
Income per Unit Sold	31 c	36 c

NOTE

Pensioners = 11 202
 State = 204 617
215 819 % of Total R & G Income of R26 009 084

Cost per unit = R3 910 884 ÷ units 16 271 424
 Income per unit = R5 260 890 ÷ units 14 796 229

APPENDIX G
MTHONJANENI LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
AS AT 30 JUNE 2008

Name of Grants	Name of origin of state or municipal entity	Grant and Subsidies Received Quarterly Reports					Quarterly Expenditure					Grants and Subsidies delayed/withheld					Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Mar-07	June	Sept	Dec	Mar-08	Mar-07	June	Sept	Dec	Mar-08	March	June	Sept	Dec	March			
MFMA	TREASURY			500			92	82	51	7	43							Yes	
HEALTH	PROV.	124		160	170	207	124	160	170	207	139							Yes	
LUMS	PROV.							4										Yes	
PMS	PROV.	50					20	5		1	4							Yes	
MDPCB	PROV.										14							Yes	
IDP	PROV.						21	26	2	12	39							Yes	
MSIG	TREASURY			367	367		49	154	25	78	61							Yes	
DISCB	PROV.	150																Yes	
VALUATIONS	PROV.						6	5	3	23	1							Yes	
MFMA	PROV.						19		2	5								Yes	
ALOE PROD	PROV.					180					2							Yes	
MAP	TREASURY						110	174		134	49							Yes	
PROJ. CONS.	PROV.							46			100							Yes	
PROJ. CONS.	PROV.						1	4	5									Yes	
PROJ. CONS.	PROV.						12	154	15	16	14							Yes	
PROJ. CONS.	PROV.						1	108										Yes	
MIIP	PROV.	200					3			171								Yes	
REDS	PROV.	150						1										Yes	
		674	0	1027	537	387	458	923	273	654	466	0	0	0	0	0			

This excluded Equitable Share.

MTHONJANENI LOCAL MUNICIPALITY
TRIAL BALANCE
AS AT 30 JUNE 2008

	2007	2007	2008	2008
	Debit	Credit	Debit	Credit
Fixed Assets	20 542 590		21 207 773	
PROVISIONS AND RESERVES				
Leave		109 895		428 273
Bad Debts		337 763		447 763
Assets Financing Reserves		20 542 590		23 210 852
Unappropriated Surplus		17 429 956		15 645 384
Cash on Hand	521		721	
Cash at Bank	13 156 040		292 770	
DEPOSITS				
Electricity		402 843		406 536
Other		87 545		80 277
Creditors		7 860 211		7 461 593
External Investments	9 739 000		23 000 000	
Internal Investments				
Inventory	98 451		274 252	
Sundry Debtors	3 234 201		2 905 163	
	46 770 803	46 770 803	47 680 678	47 680 678

TRANSACTIONS FOR THE YEAR

The following accounting transactions (in summarised form) occurred during the 2007/2008 financial year (all payments were made through the creditor's account, except where stated otherwise; all income raised through the debtors' account, except where stated otherwise).
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OPERATING EXPENDITURE

Salaries, Wages and Allowances	8 319 076
Councillors Allowances	1 899 747
General Expenses	14 518 211
Repairs and Maintenance	978 582
Collection Costs	2 343

Contribution (from operating account) Fixed Assets	3 038 253
Contribution (from operating account) to	
- Leave Provision	110 000
- Bad Debt Provision	375 000
Eskom - Electricity Purchases	3 910 884
	33 152 096

OPERATING INCOME

Assessments Rate Income	4 765 914
Income from Services (tariffs, service charges, etc)	6 261 652
Government Grants and Subsidies Received	15 795 529
	26 823 095